

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1855-01
Bill No.: HB 843
Subject: Alcohol; Public Safety Department; Licenses - Liquor and Beer.
Type: Original
Date: March 22, 2001

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| None | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| None | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Liquor Control (DLS)** state this bill allows the Supervisor of Liquor Control to grant a permit to retailers of intoxicating liquor for the sale of intoxicating liquor by the keg. Retailers granted this permit must register the sale of each keg and affix a registration seal on each keg at the time of sale. The registration seal may only be removed by the retailer upon return of the keg. Retailers are required to maintain a complete and accurate record of all registration forms. Registration records must be open to inspection by the supervisor and law enforcement officers. Registration requirements also apply to kegs picked up from a wholesaler. Persons who purchase and take possession of kegs may not transfer possession of the keg, except as authorized by the Supervisor of Liquor Control. This bill becomes effective 1-1-02 and will expire on 12-31-06.

The DLS estimates that three additional Agents will be needed throughout the state for the additional work load associated with issuing permits, determining compliance of keg registration as required by this act. The agents will be located in Kansas City, St. Louis and Jefferson City Districts. Also, an additional Clerk IV will be needed to issue permits and maintain records etc. Expenses necessary to carry out the provisions in this proposal total roughly \$200,000 per year as estimated by DLS.

The estimate of additional employees is based on the projected sales of keg beer and work load associated with this act. Keg sales equal ten percent of all beer sales or 12.6 million gallons annually. This 12.6 million gallons equates to over 1 million keg sales that will have to be recorded in a detailed manner by the Division.

Oversight assumes that this proposal requires liquor retailers who sell beer or ale by the keg to keep records of keg sales and make them open to inspection by DLS. Because DLS is not required to maintain these records, Oversight assumes existing staff could be used to monitor compliance with keg registration.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Division of Liquor Control's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 12 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 18 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal would be \$738, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal;

ASSUMPTION (continued)

however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Attorney General** did not respond to our fiscal impact request. **Oversight** assumes this proposal would not fiscally impact their agency.

| <u>FISCAL IMPACT - State Government</u> | FY 2002 (6 Mo.) | FY 2003 | FY 2004 |
|---|--------------------|---------|---------|
| | \$0 | \$0 | \$0 |

| <u>FISCAL IMPACT - Local Government</u> | FY 2002 (6 Mo.) | FY 2003 | FY 2004 |
|---|--------------------|---------|---------|
| | \$0 | \$0 | \$0 |

FISCAL IMPACT - Small Business

This proposal would fiscally impact small liquor retailers, as it would require them to obtain a permit to sell intoxicating liquor by the keg for off-premises consumption, register all kegs sold, and maintain records of keg sales.

DESCRIPTION

This proposal allows the Supervisor of Liquor Control to grant a permit to retailers of intoxicating liquor for the sale of intoxicating liquor by the keg. Retailers granted this permit must register the sale of each keg and affix a registration seal on each keg at the time of sale. The registration seal may only be removed by the retailer upon return of the keg. Retailers are required to maintain a complete and accurate record of all registration forms. Registration

DESCRIPTION (continued)

records must be open to inspection by the supervisor and law enforcement officers. Registration requirements also apply to kegs picked up from a wholesaler. Persons who purchase and take possession of kegs may not transfer possession of the keg.

The proposal becomes effective on January 1, 2002, and will expire December 31, 2006.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Division of Liquor Control
Secretary of State's Office

NOT RESPONDING: Office of Attorney General

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director

March 22, 2001